

House Study Bill 129 - Introduced

SENATE/HOUSE FILE _____

BY (PROPOSED GOVERNOR'S BILL)

A BILL FOR

1 An Act relating to the percentage of actual value at which
2 certain classifications of property are assessed for
3 property tax purposes and including future repeal and
4 applicability provisions.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 441.21, subsection 5, Code 2011, is
2 amended to read as follows:

3 5. a. For valuations established as of January 1, 1979,
4 ~~commercial property and industrial property, excluding~~
5 properties referred to in section 427A.1, subsection 8, shall
6 be assessed as a percentage of the actual value ~~of each class~~
7 ~~of property~~. The percentage shall be determined ~~for each~~
8 ~~class of property~~ by the director of revenue for the state in
9 accordance with the provisions of this section. For valuations
10 established as of January 1, 1979, the percentage shall be
11 the quotient of the dividend and divisor as defined in this
12 section. The dividend ~~for each class of property~~ shall be the
13 total actual valuation ~~for each class of property~~ established
14 for 1978, plus six percent of the amount so determined. The
15 divisor ~~for each class of property~~ shall be the valuation
16 ~~for each class of property~~ established for 1978, as reported
17 by the assessors on the abstracts of assessment for 1978,
18 plus the amount of value added to the total actual value by
19 the revaluation of existing properties in 1979 as equalized
20 by the director of revenue pursuant to section 441.49. For
21 valuations established as of January 1, 1979, property valued
22 by the department of revenue pursuant to chapters 428, 433,
23 437, and 438 shall be considered as one class of property and
24 shall be assessed as a percentage of its actual value. The
25 percentage shall be determined by the director of revenue in
26 accordance with the provisions of this section. For valuations
27 established as of January 1, 1979, the percentage shall be
28 the quotient of the dividend and divisor as defined in this
29 section. The dividend shall be the total actual valuation
30 established for 1978 by the department of revenue, plus ten
31 percent of the amount so determined. The divisor for property
32 valued by the department of revenue pursuant to chapters 428,
33 433, 437, and 438 shall be the valuation established for 1978,
34 plus the amount of value added to the total actual value by
35 the revaluation of the property by the department of revenue

1 as of January 1, 1979. For valuations established as of
2 January 1, 1980, ~~commercial property and~~ industrial property,
3 excluding properties referred to in section 427A.1, subsection
4 8, shall be assessed at a percentage of the actual value of
5 ~~each class of property~~. The percentage shall be determined
6 ~~for each class of property~~ by the director of revenue for the
7 state in accordance with the provisions of this section. For
8 valuations established as of January 1, 1980, the percentage
9 shall be the quotient of the dividend and divisor as defined in
10 this section. The dividend ~~for each class of property~~ shall
11 be the dividend as determined ~~for each class of property~~ for
12 valuations established as of January 1, 1979, adjusted by the
13 product obtained by multiplying the percentage determined
14 for that year by the amount of any additions or deletions to
15 actual value, excluding those resulting from the revaluation
16 of existing properties, as reported by the assessors on the
17 abstracts of assessment for 1979, plus four percent of the
18 amount so determined. The divisor ~~for each class of property~~
19 shall be the total actual value of all such property in 1979,
20 as equalized by the director of revenue pursuant to section
21 441.49, plus the amount of value added to the total actual
22 value by the revaluation of existing properties in 1980. The
23 director shall utilize information reported on the abstracts of
24 assessment submitted pursuant to section 441.45 in determining
25 such percentage. For valuations established as of January 1,
26 1980, property valued by the department of revenue pursuant
27 to chapters 428, 433, 437, and 438 shall be assessed at a
28 percentage of its actual value. The percentage shall be
29 determined by the director of revenue in accordance with the
30 provisions of this section. For valuations established as of
31 January 1, 1980, the percentage shall be the quotient of the
32 dividend and divisor as defined in this section. The dividend
33 shall be the total actual valuation established for 1979 by
34 the department of revenue, plus eight percent of the amount so
35 determined. The divisor for property valued by the department

1 of revenue pursuant to chapters 428, 433, 437, and 438 shall be
2 the valuation established for 1979, plus the amount of value
3 added to the total actual value by the revaluation of the
4 property by the department of revenue as of January 1, 1980.
5 For valuations established as of January 1, 1981, and each
6 year thereafter, the percentage of actual value as equalized
7 by the director of revenue as provided in section 441.49 at
8 which ~~commercial property and~~ industrial property, excluding
9 properties referred to in section 427A.1, subsection 8, shall
10 be assessed shall be calculated in accordance with the methods
11 provided herein, except that any references to six percent
12 in this subsection shall be four percent. For valuations
13 established as of January 1, 1981, and each year thereafter,
14 the percentage of actual value at which property valued by
15 the department of revenue pursuant to chapters 428, 433, 437,
16 and 438 shall be assessed shall be calculated in accordance
17 with the methods provided herein, except that any references
18 to ten percent in this subsection shall be eight percent.
19 Beginning with valuations established as of January 1, 1979,
20 and each year thereafter, property valued by the department of
21 revenue pursuant to chapter 434 shall also be assessed at a
22 percentage of its actual value which percentage shall be equal
23 to the percentage determined by the director of revenue for
24 ~~commercial property,~~ industrial property, or property valued by
25 the department of revenue pursuant to chapters 428, 433, 437,
26 and 438, whichever is lowest.

27 b. For valuations established on or after January 1, 2012,
28 but before January 1, 2016, commercial property that is not
29 new commercial property as defined in paragraph "c", excluding
30 properties referred to in section 427A.1, subsection 8, shall
31 be assessed as a percentage of the actual value, as determined
32 in this paragraph.

33 (1) For valuations established for the assessment year
34 beginning January 1, 2012, the percentage of actual value as
35 equalized by the director of revenue as provided in section

1 441.49 at which commercial property that is not new commercial
2 property shall be assessed shall be ninety-two percent.

3 (2) For valuations established for the assessment year
4 beginning January 1, 2013, the percentage of actual value as
5 equalized by the director of revenue as provided in section
6 441.49 at which commercial property that is not new commercial
7 property shall be assessed shall be eighty-four percent.

8 (3) For valuations established for the assessment year
9 beginning January 1, 2014, the percentage of actual value as
10 equalized by the director of revenue as provided in section
11 441.49 at which commercial property that is not new commercial
12 property shall be assessed shall be seventy-six percent.

13 (4) For valuations established for the assessment year
14 beginning January 1, 2015, the percentage of actual value as
15 equalized by the director of revenue as provided in section
16 441.49 at which commercial property that is not new commercial
17 property shall be assessed shall be sixty-eight percent.

18 c. (1) For valuations established on or after January 1,
19 2012, but before January 1, 2016, new commercial property,
20 excluding properties referred to in section 427A.1, subsection
21 8, shall be assessed as a percentage of the actual value as
22 determined in this paragraph "c".

23 (2) For valuations established for assessment years
24 beginning on or after January 1, 2012, but before January
25 1, 2016, the percentage of actual value as equalized by the
26 director of revenue as provided in section 441.49 at which
27 commercial property that is new commercial property shall be
28 assessed shall be sixty percent.

29 (3) For purposes of this section, "new commercial property"
30 means a parcel of real estate containing no buildings
31 or structures on or after July 1, 2011, upon which the
32 construction of buildings or structures is commenced after
33 July 1, 2011, and that, but for this paragraph, would be
34 assessed under paragraph "b". "New commercial property" shall
35 be considered a subclassification of commercial property for

1 the assessment years beginning on or after January 1, 2012, but
2 before January 1, 2016.

3 d. (1) For valuations established on or after January 1,
4 2016, commercial property, excluding properties referred to in
5 section 427A.1, subsection 8, shall be assessed as a percentage
6 of the actual value as determined in this paragraph "d".

7 (2) For valuations established for the assessment year
8 beginning January 1, 2016, and each assessment year thereafter,
9 the percentage of actual value as equalized by the director
10 of revenue as provided in section 441.49 at which commercial
11 property shall be assessed shall be sixty percent.

12 Sec. 2. Section 441.21, subsections 9 and 10, Code 2011, are
13 amended to read as follows:

14 9. Not later than November 1, 1979, and November 1 of
15 each subsequent year, the director shall certify to the
16 county auditor of each county the percentages of actual
17 value at which residential property, agricultural property,
18 commercial property, new commercial property, industrial
19 property, and property valued by the department of revenue
20 pursuant to chapters 428, 433, 434, 437, and 438 in each
21 assessing jurisdiction in the county shall be assessed for
22 taxation. The county auditor shall proceed to determine the
23 assessed values of agricultural property, residential property,
24 commercial property, new commercial property, industrial
25 property, and property valued by the department of revenue
26 pursuant to chapters 428, 433, 434, 437, and 438 by applying
27 such percentages to the current actual value of such property,
28 as reported to the county auditor by the assessor, and the
29 assessed values so determined shall be the taxable values of
30 such properties upon which the levy shall be made.

31 10. The percentage of actual value computed by the
32 director for agricultural property, residential property,
33 commercial property, new commercial property, industrial
34 property, and property valued by the department of revenue
35 pursuant to chapters 428, 433, 434, 437, and 438 and used to

1 determine assessed values of those classes of property does not
2 constitute a rule as defined in section 17A.2, subsection 11.

3 Sec. 3. FUTURE REPEAL.

4 1. The section of this Act amending section 441.21,
5 subsections 9 and 10, is repealed effective January 1, 2016,
6 and the Code editor shall remove the language added to section
7 441.21, subsections 9 and 10, by the repealed section of this
8 Act, from the Code.

9 2. Section 441.21, subsection 5, paragraphs "b" and "c", as
10 enacted in this Act, are repealed effective January 1, 2020,
11 and the Code editor shall remove the language of the paragraphs
12 from the Code.

13 Sec. 4. SAVINGS PROVISION. This Act, pursuant to section
14 4.13, does not affect the prior operation of, or prohibit the
15 application of, the provisions of section 441.21, Code 2011, or
16 rules adopted under chapter 17A to administer section 441.21,
17 Code 2011, for assessment years beginning before January 1,
18 2012, and for duties, powers, protests, appeals, proceedings,
19 actions, or remedies attributable to an assessment year
20 beginning before January 1, 2012.

21 Sec. 5. APPLICABILITY. This Act applies to property tax
22 assessment years beginning on or after January 1, 2012.

23 EXPLANATION

24 This bill changes the property assessment limitation for
25 commercial property and establishes a new commercial property
26 subclassification of commercial property for specified
27 assessment years.

28 The bill establishes a "new commercial property"
29 subclassification for assessment years beginning on or after
30 January 1, 2012, but before January 1, 2016. "New commercial
31 property" is defined in the bill as a parcel of real estate
32 containing no buildings or structures on or after July 1,
33 2011, upon which the construction of buildings or structures
34 is commenced after July 1, 2011, and that, but for the
35 subclassification, would be assessed as commercial property.

1 For assessment years beginning on or after January 1, 2012,
2 but before January 1, 2016, the percentage of actual value
3 at which new commercial property is assessed is 60 percent.
4 For assessment years beginning on or after January 1, 2016,
5 new commercial property is assessed as all other commercial
6 property.

7 The bill strikes the methodology in Code section 441.21(5)
8 currently used to determine the percentage of actual value
9 at which commercial property is assessed for property tax
10 purposes. The bill provides that for valuations established
11 for the assessment year beginning January 1, 2012, the
12 percentage of actual value at which commercial property that
13 is not new commercial property shall be assessed shall be
14 92 percent. The bill provides that each assessment year
15 thereafter the percentage at which commercial property
16 that is not new commercial property is assessed is reduced
17 by 8 percentage points each year until the percentage is
18 60 percent. The bill provides that for the assessment
19 year beginning January 1, 2016, and each assessment year
20 thereafter, commercial property, including property previously
21 subclassified as new commercial property, is assessed at 60
22 percent.

23 The bill also makes corresponding changes to other
24 provisions of Code section 441.21, including removing the
25 commercial property valuation limitation from the methodology
26 used to determine the percentage at which property valued by
27 the department of revenue pursuant to Code chapter 434 (railway
28 companies) is assessed.

29 The bill includes future repeal provisions relating to the
30 temporary subclassification of new commercial property. The
31 repeal provisions are effective January 1, 2016, and January
32 1, 2020.

33 The bill applies to property tax assessment years beginning
34 on or after January 1, 2012. The bill pursuant to Code section
35 4.13, does not affect the application of the provisions of

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1 current Code section 441.21 to assessment years beginning
2 before January 1, 2012.